



DEPARTMENT OF ADMINISTRATION
Administrative Services

A Model For Efficiency

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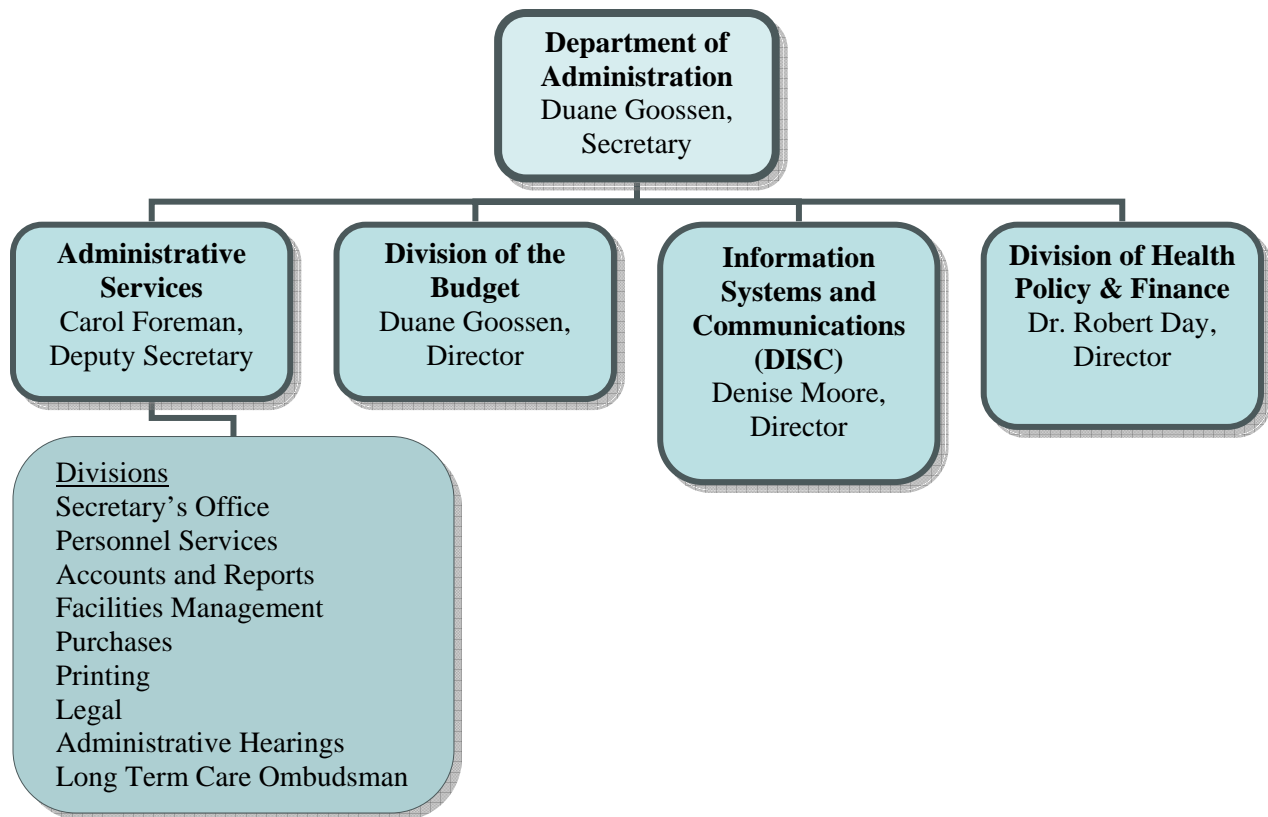




KANSAS

DEPARTMENT OF ADMINISTRATION

Organizational Chart for Department of Administration



Active Employees (January 06)

| | |
|------------------------------------|-----|
| Administrative Services | 442 |
| Division of the Budget | 19 |
| DISC | 179 |
| Health Policy & Finance | 85 |

Budget (Fiscal Year 06)

| | |
|-------------------------------------|------------------|
| Administrative Services | \$ 87,334,013 |
| Department of Administration | \$ 1,545,049,893 |

A Model For Efficiency

Kansas Department of Administration
Administrative Services
2005 Annual Report

Three years ago, a new leadership team came to the Department of Administration determined to change the atmosphere and set the course for a new mission – **to provide quality services, responsibly.**

As part of that mission, **each Division promised to satisfy our customers with innovative, value-driven services.** Since January, 2003, change has been a constant, but the mission and promise to our customers has remained the same.

The Department of Administration serves the rest of state government by overseeing and coordinating the state's finances, facilities, personnel, and purchasing. The Department's vision is to provide those services as efficiently and responsibly as possible, and to model "best practices" for the rest of state government.

Our vision

The Department of Administration will lead the enterprise toward a shared services organization by modeling teamwork, cost-effective business practices and quality customer service.

Over the last three years the Department has made a marked shift in its relationship with the rest of state government from one of regulation and control to a relationship defined by an increased spirit of collaboration and cooperation. The Department has also contributed to the improved financial picture of the state by leading the way in implementing the Governor's cost cutting initiatives which to date have created over \$159 million in savings and efficiencies.

In adhering to our vision, there have been true success stories. In a real example of **teamwork** across state government, the Division of Purchases has worked with other agencies, notably the Department of Revenue, on a tax clearance project. By implementing **cost-effective business practices**, the State Printer has gone from the brink of irrelevancy, and perhaps even permanent closure, to a valued resource. Finally, each Division within the Department of Administration has taken several steps to transform to an agency whose first priority is **quality customer service.**

While the annual report showcases many of the high points in 2005, the change in the culture of the Department of Administration means new successes are happening all the time. While this may not be the typical annual report, it is representative of **the model for efficiency** to which the Department of Administration strives each and every day.

Teamwork – The Tax Clearance Project

Vendor Compliance under Tax Clearance Project (FY 2005)

**Revenue Generated:
\$3,000,000**

**1,694 potential
vendors forwarded to
Kansas Department of
Revenue**

**1,325 (78.2%) current
on taxes and granted
clearance**

**308 (18.2%) meet
obligations and are
granted tax clearance**

**61 (3.5%) yet to
become current on
taxes**

*Source: Kansas Department of
Revenue; Division of Purchases*

In late 2003, the Division of Purchases and the Department of Revenue began meeting to discuss a Tax Clearance Project.

The concept is simple: Contracts should only be offered to vendors who are in compliance with their State of Kansas tax obligations. Vendors who aren't in compliance are motivated to resolve outstanding issues.

Under a cooperative agreement with the Department of Revenue, vendors wishing to do business with the state are first checked for any outstanding obligations. Vendors who have a tax obligation pending at KDOR are given the opportunity to settle that issue, but no vendor may be awarded a state contract unless the Division of Purchases has received clearance from KDOR.

Information sharing began in January, 2004. For Fiscal Year 2005, Purchases forwarded 1,694 vendors to KDOR for review. Of those, 1,325 (78.2%) passed the initial review. Working with KDOR, 308 vendors who had initially failed met their obligations and were granted clearance. 61 vendors have yet to clear KDOR's review.

Recently, KDOR informed the Division of Purchases that tax clearances have generated a minimum of \$3 million since the project's inception. Additionally,

while the initial compliance rate for vendors was only 80%, recent figures show 97% of all potential vendors are current with their State of Kansas taxes.

Due to this success, the Division of Facilities Management is now in conversations with KDOR to expand the project to include building contractors and landlords doing business with DFM.

Cost-Effective Business Practices – The Division of Printing

During the 2001 Legislative session, a proviso was included in the final appropriations bill directing the Department of Administration to conduct a pilot project to allow an agency to use a commercial printer without having to seek a waiver for individual jobs. The inclusion of this proviso was the result of growing frustration over the quality and timeliness of work produced by the Division of Printing.

The State Printer Revenues & Expenses

FY 2004 Revenue
\$6.04 million

FY 2004 Expenses
\$5.94 million

FY 2005 Revenue
\$5.89 million

Change from FY 2004
- \$150,000

FY 2005 Expenses
\$5.44 million

Change from FY 2004
+ \$500,000

Source: Division of Printing

The goal of the pilot project was to determine if the State Printer was providing service on par with the private sector, but a formal conclusion was not reached. In 2003, under Secretary of Administration Howard Fricke, the Division of Purchases issued several Request for Proposals for the entirety of the work typically produced by the State Printer. The bids received indicated the State Printer was the most cost effective business choice for state agencies.

However, many agencies remained concerned about both the pricing and the product offered by the Division. By implementing real world business practices, the Department of Administration has worked to shift such attitudes.

The State Printer has not raised rates from its FY 2004 levels, and has become much more aggressive in the maintenance of its customer relationships, winning back business that agencies had taken elsewhere. Part of that aggressiveness is taking on the attitude that business must be earned, not simply forced upon other state agencies.

Two technological advances in 2005 represent a tremendous increase in productivity. First, the Division implemented computer-to-plate technology. The result has been higher quality images along with reduced staffing in pre-press work. Also, thanks to an appropriation by the 2005 Legislature, the Division was able to acquire a used 4-color press from the University of Kansas. This allows the Division to perform higher quality 4-color work at less cost.

Such technological advances have resulted in a reduction in staff while producing a comparable amount of work. While revenue at the Division of Printing fell slightly from FY 2004 to FY 2005, from \$6.04 million to \$5.89 million, salaries and wages also fell from \$2.84 million to \$2.58 million. Total expenses for that same time period, including salaries and wages, were down 8.5%, from \$5.94 million to \$5.44 million. Again, this was accomplished without raising the rates.

KSA 75-1105 states, “The Division of Printing shall do all of the public printing and binding require by the legislature, the supreme court, the governor, or any state agency.” Rather than relying on that statute to generate work, the Department of Administration has chosen to have the Division earn its business, while at the same time streamlining operations and increasing quality.

Quality Customer Service – The Top Priority

Working together with other state agencies and implementing cost-effective business practices are important in reshaping the relationship the Department of Administration has with its customers. However, nothing is more important to the organization than providing quality customer service. For those Divisions dealing with external customers, 2005 was another year full of success and steps forward in providing quality customer service.

Division of Personnel Services

Number of State of Kansas Job Classifications

Jan. 1, 2003 – 692

Jan. 1, 2006 – 560

**July 1, 2006 – 300
(projected)**

*Source: Division of Personnel
Services*

For the past three years, DPS has changed from a Division providing oversight and direction to one working in partnership with the state’s Human Resources community. Once each quarter, DPS brings together the HR community to share information, ideas and experiences; to promote best practices; and to share in management responsibilities.

One of the major accomplishments has been a reduction in job classes. In January, 2003, there were 692 job classes, and that number has been reduced to 560. A final effort is underway to develop a proposal to reduce that number to 300 or even less by July 1, 2006. The reduction will occur over the full range of job classes, first by grouping like job classes, then by identifying and correcting inequities, and finally by changing descriptions of work and rewriting job

class specifications.

This reduction, when combined with a more flexible pay system, will lead to greater system equity, more flexibility for agencies, fair and equitable career paths for state employees, and a more functional classification system.

Some of the additional accomplishments of DPS in 2005 are:

- A continued partnership with the state’s Diversity Network – helping to organize and manage Diversity Summits in Topeka, Wichita, Garden City, and Kansas City, and designing and managing follow-up actions.
- Revision of the minimum qualifications for the state’s job classes to reflect quantitative measures that can be understood by candidates and agencies. This step also creates

greater flexibility for agencies and more opportunities for job seekers by allowing the substitution of experience for education and vice versa.

- Implemented a program providing for bonus payments for employees who are activated to military duty and a monthly differential payment for those employees whose compensation while in military service does not equal their compensation as state employees.
- Assumed responsibility for the state's drug screening program, automated and streamlined the billing and notification processes, resulting in improved and simplified services to the agencies while reducing internal administrative processes.
- Participated on a cross-agency team, developed a new Statewide Employee Email Directory and an internal web-based employee White Pages Communication Directory. Implemented a new online Employee Email/Phone listings report in SHARP to assist agencies with tracking this data for their employees.
- Using funding provided by the 2005 Legislature, implemented classification study and compensation actions for "direct care workers." Also implemented studies for professional geologists and selected law enforcement classifications.
- Continued to build the capacity of small agencies by facilitating regular meetings to provide informal training and support and to share information, ideas and experiences. These meetings are designed to provide opportunities for the smaller agencies to meet and develop their own support structures through networking and periodic consultation with the Division of Personnel Services.

Division of Facilities Management

Over the past three years, the Division of Facilities Management has taken the original concept behind Governor Sebelius' BEST teams and implemented it on a daily basis. Several small teams now meet on a regular basis to discuss common areas of concern and develop plans of action. The teams have recommended everything from legislation to changes in the Facilities Planning Policies and Procedures Manual.

The Leasing Shared Services Team is one of the best examples of the shared services model. This collaborative effort, including representatives from a number of agencies (SRS, Revenue, KHP, Labor, Commerce, Wildlife & Parks, Aging, as well as Purchases and DFM), is focused on the continuous improvement and governance of statewide leasing activities, and now serves as the approval authority for all new leases.

The team is currently reworking the Leasing Handbook and is looking to support it through training and education, which would be provided by DFM. A co-location master plan will be developed to drive future consolidation efforts and will support the dialog with and actions by the Joint Committee on State Building Construction. The shared decision making that takes place within this team is what stands out as the most fundamental change in how DFM does business. Instead of the Division handing down decisions, it is the team working together to come up with direction that meets the needs of the enterprise.

Another major change in DFM was the complete re-working of the 5 Year Capital Improvement Plan. Each item in the plan was thoroughly reviewed, with some projects being removed and all projects being listed in order of priority. More importantly, building

assessments were completed on all DFM managed facilities in Shawnee County, and for the first time a score now graphically represents the condition and future needs of State of Kansas facilities.

Building on those changes, DFM is currently working on a strategic plan to chart long, near, and short term direction, particularly for the Capitol Complex. The Division is also holding bi-monthly tenant meetings with agencies within the complex. This has given DFM a more effective way to secure information from customers about issues they face, to communicate back with them about issues which have been addressed, and to engage in dialog about potential direction to take with State of Kansas facilities.

Finally, DFM continued to make adjustments to the widely misunderstood topic of building rents. For FY 2007, rates will no longer include the often confusing “common rate multiplier,” but will instead reflect actual occupied space. Additionally, the “maintenance surcharge,” used to maintain the Statehouse, the Judicial Center, and Cedar Crest, has been re-named more appropriately as the Monumental Building Surcharge.

Building Assessment Scores

DFM has ranked the Exterior Components, Interior Components, and Engineered Systems of all buildings in Shawnee County.

A perfect score is 100. The established standard goal is a score of 90.

| <u>Facility</u> | <u>Score</u> |
|--------------------------|--------------|
| Curtis SOB | 94.5 |
| Docking SOB | 53 |
| Eisenhower SOB | 70.7 |
| Judicial Center | 81.1 |
| Landon SOB | 68.2 |
| Memorial Building | 83.8 |

*Source: Department of Administration
FY 2007 Capital Improvements
Five-Year Plan*

Division of Purchases

In addition to the success of the Tax Clearance project, the Division of Purchases has made several other gains by cooperating and collaborating across several state agencies.

- **Pharmaceuticals Procurement, a cooperative effort between the State of Kansas and Kansas County Jails**
 - In discussions with county administrators about cooperative efforts, the issue of the cost of inmate healthcare, specifically pharmaceuticals, bubbled to the surface. As this discussion was taking place, the State of Kansas was negotiating a contract for Inmate Healthcare Services for the state’s correctional facilities. As negotiations progressed, language allowing county jails to utilize the bulk purchasing power of the state was incorporated into the contract. Several large county jails were able to see immediate savings of 30-40%, accounting for hundreds of thousands of dollars over the period of a year.
- **Revision of Request for Proposal (RFP) Documents**
 - With the Division of Purchases taking the lead, a cross-agency team evaluated the Division’s RFP document, improving out-of-date language and establishing a more logical order to the language that will assist the Division of Purchases and vendors during the bid process, and agencies upon award of

the contract. When deployed in early 2006, the work of many agency representatives will have helped improve the work product of the Division of Purchases.

- **Cellular Communications Services Contract**

- A cross-agency Procurement Negotiating Committee spent months bidding, evaluating, negotiating Kansas' first ever Cellular Communications Services Contract that resulted in savings for state agencies, political subdivisions and state employees.

- **Vehicles**

- Because of the recent moratorium on vehicle purchases by state agencies, considered not issuing a contract for vehicles. As Purchases researched existing thoughts and concerns, it was discovered that a number of school districts and local units of government utilize the State of Kansas contract for their own vehicle purchases, and Purchases decided to re-bid the contract for those consumers.

Division of Accounts & Reports

The Division of Accounts & Reports provides oversight for spending by all state entities, but works closely with those agencies to constantly improve the State of Kansas' fiscal management. By communicating closely with customers, A&R has become more inclusive in decision making, rather than serving solely as an auditor.

In 2005, A&R began a review of the Policy and Procedure Manual, which in the past has been completed internally. The current review will allow agencies to provide input into established policies and procedures as well as new policies and procedures.

A&R moved closer to its goal of all state employees taking advantage of direct deposit of their paychecks, with participation increasing to 90% statewide.

Finally, by constantly reviewing and improving internal processes, A&R is able to more efficiently handle responsibilities with a reduced workforce.

Each day, employees throughout the Department demonstrate commitment to providing shared services, improving business practices, and providing high quality customer service. We sincerely appreciate the efforts they make and the outcomes achieved.

***For additional information on the
Kansas Department of Administration, visit
www.da.state.ks.us***